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August 15, 2005

VIA HAND DELIVERY

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

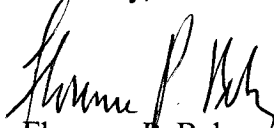
Re: Petition of the Office of Regulatory Staff to for Rulemaking Proceeding
PSC Docket No.: 2005- 243 - W/S

Dear Mr. Terreni:

Enclosed for filing please find the original and fifteen (15) copies of the Office of Regulatory Staff's Petition for Rulemaking Proceeding. Please date stamp the one extra copy for our office and return it to me via our courier.

By copy of this letter, I am serving the necessary parties. Thank you for you assistance and please let me know if you have any questions.

Sincerely,


Florence P. Belser
General Counsel

FPB/rng
Enclosures

cc: John Beach, Esquire, Aqua South Carolina, Inc.
Total Environmental Solutions, Inc.
L. Schmaker, Tega Cay Water Service, Inc., United Utility Companies, Inc.,
Carolina Water Service, Inc., Southland Utilities, Inc.

Bruce Haas, United Utility Companies, Inc., United Services of S.C.,
Carolina Water Service, Inc., S.C. Utilities, Inc., Southland Utilities, Inc.
Larry Schmdit, Upstate Water Resources
Donald Dial, Woodland Utilities, Inc., Alpine Utilities
Mark S. Wrigley, Wyboo Plantation Utilities, Inc.
Dale S. Ness, Water Supply Co., Inc.
Wright Phillips, Wright's Plumbing & Utilities, Inc.
Tim P. Oliver, Wyboo Water Department, E&R Partnership
David Hare, A.D. Hare Water Works, Inc.
M.D. Shelly, Ashley Oaks
T.J. Barnwell, Barnwell (T.J.) Utility
S.D. Weaver, Condor Environmental, Inc.
Billy F. Burnett, CUC, Inc.
J.E. Swearingen, AAA Utilities, Inc.
Jimmy Vaughn, Avondale Mills, Inc.
Keith Parnell, Bush River Utilities, Inc., Development Service, Inc.,
Midlands Utility, Inc.
Jeff Ellison, Cox, J.C., Utilities, Inc.
Sue Dowd, Dowd Water Systems, Inc.
D. Reece Williams, IV, Eagle Point Water Co., Inc., Piney Grove Utilities, Inc.
Piedmont Water Company, Inc., River Pines Water System, Inc.
James Rogers, Floydville Community Water System
W.H. Waden, Gnato's Acres
James Thigpen, Goat Island Water & Sewer Co., Inc
Larry Harrison, H & H Enterprises
Tom Connor, Haig Point Utility Co., Inc.
Curtis Ferguson, Ferguson Water System
Day Shoemaker, Georgia Water & Well Service, Inc.
J.C. Perry, Gnato's Acres
C. Northcutt, Guerin Creek Water Utility, Inc.
Benny K. Jones, Haig Point Utility, Co., Inc.
Robert Gross, Harbor Island Utilities, Inc.
Don Smith, Hyde Park Water Co.
Sara K. Black, Lake Princeton Water Co.
Steve Sandlin, Links Water Treatment, LLC
Wendy Welch, Melrose Utility Co.
William Teichman, Moore Sewer
R. Stan Jones, Palmetto Utilities, Inc.
Becky Dennis, Kiawah Island Utilities, Inc.
John C. Malpeli, Lake Wylie Community Utilities
John Rogers, Madera Utilities, Inc.
Lynda Miller, Ocean Lakes Utilities, Inc.
Bob Russell, Quail Hollow Utilities, Inc.
H. Rickenbarker, Quail Ridge Water Company

John Lake, Rural Water Co.

Eddie Ford, Scotland Yard Utility

Harold Sigmon, Sigfield Water Co.

Darren Stevens, Suburban Water System

William Bartlett, S&D Utilities, LLC

Ed Richardson, Scenic Lake Park WWTP

D. Fred Allen, Shoals Sewer Co.

Thomas A. Smith, Jr., South Atlantic Utilities, Inc.

Charlie D. Smith, Swamp Fox Utilities, Inc.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2005- _____ -WS

IN RE:

Petition of the Office of Regulatory)
Staff for Rulemaking Proceeding)
_____)

PETITION FOR
RULEMAKING

This is to certify that I, Rena Grant, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **OFFICE OF REGULATORY STAFF'S PETITION FOR RULEMAKING** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

L. Schmaker
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Piedmont Water Company, Inc.
River Pines Water System, Inc.
Piney Grove Utilities, Inc.
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Columbia, SC 29201

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Ware Shoals, SC 29692

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Rena Grant

August 15, 2005
Columbia, South Carolina

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2005- _____ -WS

IN RE:

Petition of the Office of Regulatory)
Staff for Rulemaking Proceeding)
_____)

PETITION FOR
RULEMAKING

The Office of Regulatory Staff (ORS), by filing this Petition would respectfully show and request of the Public Service Commission of South Carolina that:

1. The Public Service Commission of South Carolina (Commission) is a state agency constituted pursuant to the laws of the State of South Carolina with its business offices located in Columbia, South Carolina.
2. Pursuant to S.C. Code Ann. § 58-3-140 (Supp. 2004), the Commission is “vested with power and jurisdiction to supervise and regulate the rates and service of every public utility in this State and to fix just and reasonable standards, classifications, regulations, practices, and measurements of service to be furnished, imposed, or observed, and followed by every public utility in this State.”
3. This Petition is filed pursuant to 26 S.C. Code Regs. 103-822 and 103-821 which provide that a rulemaking proceeding shall be initiated by the filing of appropriate pleadings to initiate a formal proceeding. Further, 26 S.C. Code Regs. 103-821(A) recognizes a rulemaking proceeding as a specific type of formal proceeding which may be held by and before the Commission.

4. ORS is a state agency charged with the duty and responsibility to “represent the public interest of South Carolina before the Commission.” S.C. Code Ann. § 58-4-10 et seq. (Supp. 2004). It is also the duty and responsibility of ORS to “make recommendations to the commission with respect to standards, regulations, practices, or service of any public utility pursuant to the provisions” of Title 58 of the South Carolina Code. S.C. Code Ann. § 58-4-50(7) (Supp. 2004). “[A]ny advice given to the Commission by [ORS] must be given in a form, forum, and manner as may lawfully be given by any other party or person. S.C. Code Ann. § 58-4-10(C) (Supp. 2004).

5. The promulgation of regulations is governed by the Administrative Procedures Act as found in S.C. Code Ann. § 1-23-10, et seq. (2005).

6. “Regulation” is defined, in part, in the Administrative Procedures Act as “each agency statement of general public applicability that implements or prescribes law or policy or practice requirements of any agency.” S.C. Code Ann. § 1-23-10(4) (2005). The definition further states that “[p]olicy or guidance issued by an agency other than in a regulation does not have the force or effect of law.” *Id.*

7. Under S.C. Code Ann. § 58-5-720 (Supp. 2004), every water and wastewater utility under the jurisdiction of the Commission must file a performance bond with the Commission.

8. 26 S.C. Code Regs. 103-512.3 through 103-512.3.3 are the current regulations governing the performance bonds filed by sewer utilities, and 26 S.C. Code Regs. 103-712.3.1 through 103-712.3.3 are the current regulations governing the performance bonds filed by water utilities. These regulations, *inter alia*, set forth how the

amount of the performance bond for each utility is to be determined and what constitutes sufficient sureties for these performance bonds.

9. ORS would show unto the Commission that the public interest requires that the present regulations concerning the performance bonds filed by water and wastewater utilities should be amended. In particular, ORS would show unto the Commission that the financial statements of individuals may not and do not provide sufficient surety for these required bonds.

10. In order to protect consumers and the public interest, ORS recommends to the Commission that the regulations implementing and prescribing the filing of performance bonds, and in particular the regulations concerning what constitutes sufficient surety on these performance bonds, be examined and amended.

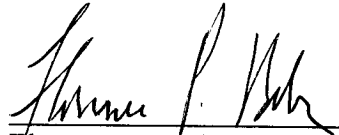
11. In recommending to the Commission that the regulations concerning the performance bonds required of water utilities and sewer utilities be amended, ORS proposes that the regulations be changed and amended as set forth in Attachment 1 to this Petition. Attachment 1 contains proposed amendments to 26 S.C. Code Regs. 103-512.3.1 through 103-512.3.3 and 103-712.3.1 through 103-712.3.3 (Supp. 2004).

WHEREFORE, ORS respectfully requests and prays that this Honorable Commission:

1. Pursuant to the Commission's Regulations and as requested in this Petition, initiate a formal proceeding for the purpose of promulgating the proposed amendments (as set forth in Attachment 1 to this Petition) to 26 S.C. Code Regs. 103-512.3.1 through 103-512.3.3 and 103-712.3.1 through 103-712.3.3 (Supp. 2004).

2. As soon as practicable, proceed with the publication of notice of drafting in the State Register as required by S.C. Code Ann. § 1-23-110 (2005), followed by publication of the proposed regulation and notice of opportunity for public hearing and comment as required by S. C. Code Ann. § 1-23-110 (2005).

3. For other appropriate action which the Commission may deem necessary.



Florence P. Belser, Esquire
Benjamin P. Mustian, Esquire
Office of Regulatory Staff
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August 15, 2005
Columbia, South Carolina